

Message Text

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ACTION EB-07

INFO OCT-01 AF-08 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 PM-04 H-02 L-03

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 /074 W

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R 281615Z APR 76

FM AMEMBASSY NOUAKCHOTT

TO SECSTATE WASHDC 5576

INFO AMEMBASSY LAGOS

AMCONSUL CASABLANCA

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LAGOS FOR FAA; CASABLANCA FOR CAA

E.O. 11652: N/A (DECON 30 APRIL 79)

TAGS: EAID, EAIR, BGEN, MR

SUBJECT: HUGHES AIRWEST CONTRACT WITH MAURITANIAN NATIONAL
AIRLINES

REF: 75 NOUAKCHOTT 1146

1. AFTER NEARLY TWO YEARS OF FUMBLING, HUGHES AIRWEST APPEARS AT LAST TO HAVE FACED UP TO BASIC PROBLEMS AND CONSIDERABLE RISKS INVOLVED IN ITS MAURITANIAN OPERATION, AND HAS TAKEN FIRST STEPS TOWARD DEFINITIVE RESOLUTION: REALIZATION OF A SIGNFICANT IMPROVEMENT IN OPERATION OF AIR MAURITANIE OR TERMINATION OF ITS ASSOCIATION WITH MAURITANIAN NATIONAL AIRLINE. TOPMOST LEVELS OF HUGHES MANAGEMENT HAVE NOW REALIZED THEY ARE CONTRACTUALLY TIED TO UNSAFE AIRLINE, THAT ODDS AGAINST INEVITABLE CIVIL AIR DISASTER ARE WORSENING WITH EACH PASSING DAY, AND THAT SERIOUS ACCIDENT (WHICH IS PREDICTABLE IN VIEW LAX SAFETY PRACTICES AND OF MEDIOCRE AND OVERWORKED PILOT STAFF) WILL BE BLAMED ON HUGHES MAINTENANCE TEAM WHATEVER REAL CAUSE IS.

2. THREE RECENT EVENTS JUSTIFY MODEST DEGREE OF OPTIMISM:

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(A) EXECUTIVE SUITE INFIGHTING OVER COMMAND OF

HUGHES OVERSEAS OPERATIONS HAS BEEN HALTED. MAURITANIAN PROGRAM, ALONG WITH ALL OTHER HUGHES INTERNATIONAL ASSISTANCE OPERATIONS, HAS BEEN HANDED TO STAFF VICE PRESIDENT ROBERT K. JORGENSEN, WHO WILL, MOREOVER, REPORT DIRECTLY TO HUGHES PRESIDENT TAGUE. (B) TAGUE SHARPLY AWARE THAT MAURITANIAN OPERATION IS ONLY HUGHES ASSISTANCE PROGRAM THAT IS NOT GOING SMOOTHLY AND PROFITABLY. HE HAS TOLD JORGENSEN HE WANTS MAURITANIAN OPERATION "FIXED" AND HAS AUTHORIZED HIM TO SPEND WHATEVER SUMS ARE REQUIRED TO PUT MAURITANIAN OPERATION ON SOUND TECHNICAL AND COMMERCIAL FOOTING. (C) HUGHES AIRWEST HAS AT LAST INFORMED MAURITANIAN GOVERNMENT THAT IT IS OPERATING AN UNSAFE AIRLINE, THAT RESULTS MAY BE "TRAGIC", AND THAT SAFETY DEFICIENCIES INVOLVE PERSONNEL AND ACTIVITIES (PILOTS, CARGO LOADERS, CLEAN-UP CREWS) WHICH LIE OUTSIDE HUGHES AREA OF RESPONSIBILITY. FINALLY, APRIL 25 LETTER PUTS GIRM ON FORMAL NOTICE THAT HUGHES CAN IN NO WAY BE HELD RESPONSIBLE FOR ACCIDENT RESULTING FROM ELEMENTS OVER WHICH HUGHES HAS NO CONTROL.

3. AT SAME TIME, JORGENSEN ORALLY AND IN WRITING REMINDED MINISTER OF TRANSPORT THAT HUGHES HAD SUBMITTED FORMAL PROPOSAL MID-MARCH FOR DIAGNOSTIC STUDY. HE REITERATED HUGHES CONTINUING INTEREST IN BOTH CARRYING OUT STUDY AND IN IMPLEMENTING, UNDER TERMS OF GREATLY EXPANDED CONTRACT, RECOMMENDATIONS FOR CORRECTIVE ACTION. (FINAL PARA OF STUDY PROPOSAL DECLARES HUGHES IF SELECTED TO IMPLEMENT STUDY CONCLUSIONS GUARANTEES TO HAVE AIR MAURITANIE OPERATING IN BLACK IN EIGHTEEN MONTHS.) COST-CONSCIOUS MINISTER COMPLAINED PROPOSED STUDY WAS TOO EXPENSIVE, AND URGED HUGHES TO CUT PRICE AND PLAN ON MAKING UP DIFFERENCE IN IMPLEMENTATION CONTRACT. IN RESPONSE, JORGENSEN SENT MINISTER REVISED PROPOSAL WHICH, BY ELIMINATING HUGHES NARROW PROFIT MARGIN COMPLETELY AND SHIFTING PER DIEM COSTS TO GIRM, REDUCED COST FROM 50 TO 35 THOUSAND.

4. SINCE FRENCH-RUN UTA AND AIR AFRIQUE, SWISSAIR, AND THREE OTHER INTERNATIONAL CARRIERS HAVE REPORTEDLY INFORMED GIRM THEY ARE NOT INTERESTED EITHER IN DIAGNOSTIC LIMITED OFFICIAL USE

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STUDY OR IN MANAGEMENT CONTRACT, HUGHES WOULD APPEAR TO HAVE GOOD CHANCE OF LANDING BOTH JOBS. SINCE MINISTER OF STATE 'ABDALLAHI AND MINISTER OF TRANSPORT ARE NOW ACUTELY AWARE THAT AIR MAURITANIE IS COURTING DISASTER AND THAT HUGHES AIRWEST SEEMS TO BE ONLY AVAILABLE SOURCE OF CRITICALLY-NEEDED MANAGERIAL AND TECHNICAL EXPERTISE, LOGIC WOULD SUGGEST THAT GIRM WILL MOVE RAPIDLY TO SIGN HUGHES UP. HANDYSIDE

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